

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
October 31, 2005***

**Dennis Winans  
Chief Financial Officer**

***National Credit Union Administration Operating Fund***  
***Financial Highlights***  
***October 31, 2005***

**Balance Sheet**

Overnight Investments decreased \$1.5 million for payment of operating expenses.

Accounts Receivable decreased \$2.3 million; expenses in October are lower than the prior month. Expenses in the prior month were higher due to additional accruals for a government year-end close.

Home Purchase Program decreased \$166,000 as a result of the sale of an employee's residence. Currently, there is one house in the Home Purchase Relocation Program.

Other Current Liabilities decreased \$5.1 million. The majority of the decrease is the result of deferred income that will be recognized evenly over the remaining calendar period.

**Statement of Revenue and Expenses**

Net income for the month was \$1.5 million higher than planned due to all expenses being under budget and revenues being higher as a result of earning higher interest rates on overnight investments. Employee travel expenses were significantly under budget as a result of the reversal of accrued travel expenses from the prior month.

**Statement of Cash Flow**

Cash decreased by \$1.5 million for the month, reflecting payment of operating expenses and minimal revenue collections. As of October 31, operating fees of approximately \$12,400 remain outstanding.

**Budget (Year-to-Date)**

Agency year-to-date spending was under budget by \$8.8 million or 7.2 percent. Pay, benefits and travel were under budget by 7.3 percent. The remaining variance of \$1.2 million (net) was mainly derived from contracted services and administrative services.

**Vacancies**

The agency had 36 vacancies as of October 29 -- down from 40 as of October 1. Of the 36 vacancies, there were 24 vacancies in the central office, 9 vacancies in the regional offices and AMAC, and 3 vacancies in the field staff. The 36 vacancies represent 3.75 percent of total authorized staff of 960.97.

**National Credit Union Administration Operating Fund**  
**Balance Sheets & Changes in Fund Balance**  
**October 31, 2005**

	October 2004	September 2005	October 2005
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$5,677.98	\$5,402.12	\$5,224.11
Overnight Investments	38,464,000.00	38,504,000.00	36,972,000.00
Accounts Receivable	493,083.19	2,646,085.08	377,708.31
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	498,229.23	553,264.83	594,894.37
Home Purchase Program	634,080.52	447,607.00	281,564.13
Other	0.00	200.00	40.00
<i>Total Current Assets</i>	<u>40,095,070.92</u>	<u>42,156,559.03</u>	<u>38,231,430.92</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,534,193.00	27,905,148.00	27,832,237.00
Capital Lease	1,505,664.72	592,057.45	505,844.10
Equipment	1,884,153.09	2,758,310.09	2,620,710.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>35,870,274.76</u>	<u>35,201,779.49</u>	<u>34,905,055.14</u>
<b>TOTAL ASSETS</b>	<u><u>75,965,345.68</u></u>	<u><u>77,358,338.52</u></u>	<u><u>73,136,486.06</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	1,747,995.72	4,740,331.90	4,631,165.25
Accrued Employee Compensation	14,025,542.27	15,104,338.36	15,049,444.20
Other Current Liabilities	10,154,650.56	15,543,385.96	10,408,981.66
<i>Total Current Liabilities</i>	<u>25,928,188.55</u>	<u>35,388,056.22</u>	<u>30,089,591.11</u>
Non-Current Liabilities			
Notes Payable	25,366,068.47	24,136,875.78	24,025,130.99
Other	1,340,988.04	590,567.59	331,818.42
<i>Total Non-Current Liabilities</i>	<u>26,707,056.51</u>	<u>24,727,443.37</u>	<u>24,356,949.41</u>
<b>TOTAL LIABILITIES</b>	<u><u>52,635,245.06</u></u>	<u><u>60,115,499.59</u></u>	<u><u>54,446,540.52</u></u>
<b>FUND BALANCE:</b>			
Beginning Balance	17,246,526.20	14,934,623.95	14,934,623.95
Current Year Earnings	6,083,574.42	2,308,214.98	3,755,321.59
<b>TOTAL FUND BALANCE</b>	<u><u>23,330,100.62</u></u>	<u><u>17,242,838.93</u></u>	<u><u>18,689,945.54</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$75,965,345.68</u></u>	<u><u>\$77,358,338.52</u></u>	<u><u>\$73,136,486.06</u></u>

**National Credit Union Administration Operating Fund**  
**Statement of Revenue & Expenses**  
**October 31, 2005**

	October 2005 Monthly Actual	October 2005 Monthly Budget	October 2005 Year-To-Date Actual	October 2005 Year-To-Date Budget	October 2004 Year-To-Date Actual
<b>REVENUE:</b>					
Interest Income	\$132,293.05	\$41,666.67	\$1,091,789.55	\$416,666.66	\$458,838.10
Program-related Income	5,170,140.00	5,067,500.00	51,651,813.03	50,675,000.00	49,607,997.48
Other Income	9,899.55	12,500.00	129,042.38	125,000.00	64,517.59
Total Revenue	<u>5,312,332.60</u>	<u>5,121,666.67</u>	<u>52,872,644.96</u>	<u>51,216,666.66</u>	<u>50,131,353.17</u>
<b>EXPENSES:</b>					
Employee Pay	2,850,348.56	3,105,589.50	29,845,072.06	31,926,987.81	27,320,484.35
Employee Benefits	567,126.88	803,247.53	7,635,595.59	8,250,961.74	6,840,974.95
Employee Travel	79,670.87	459,343.80	4,018,464.95	4,593,438.04	3,621,516.24
Rent/Communications/Utilities	70,212.25	140,828.61	1,341,273.69	1,408,285.83	1,438,174.39
Administrative Costs	178,195.29	376,191.46	4,306,674.01	3,761,915.05	3,109,674.08
Contracted Services	119,672.14	296,929.93	1,970,243.07	2,969,299.67	1,716,954.74
Total Expenses	<u>3,865,225.99</u>	<u>5,182,130.83</u>	<u>49,117,323.37</u>	<u>52,910,888.14</u>	<u>44,047,778.75</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$1,447,106.61</u>	<u>(\$60,464.16)</u>	<u>\$3,755,321.59</u>	<u>(\$1,694,221.48)</u>	<u>\$6,083,574.42</u>

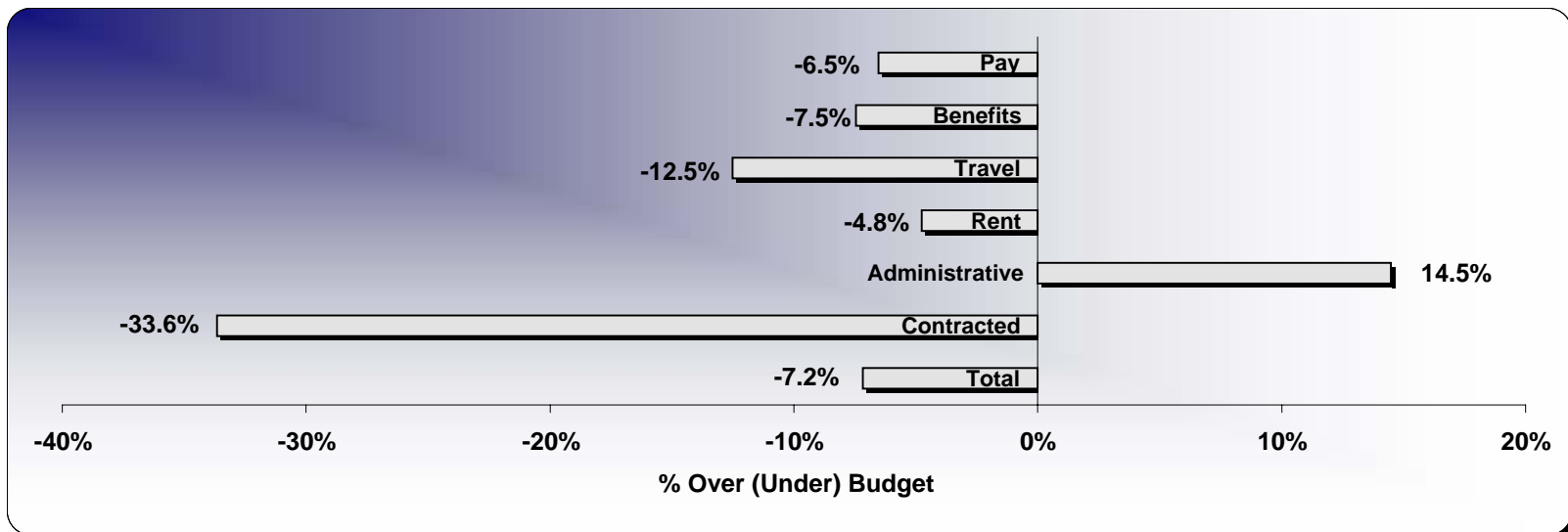
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**October 31, 2005**

	Month October 2004	Month October 2005	Y-T-D October 2004	Y-T-D October 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	\$0.00	\$268.24	\$59,870,321.47	\$61,949,199.74
Interest received from cash and cash equivalents	63,797.07	132,293.05	458,838.10	1,091,789.55
Other income received	2,042.05	9,899.55	64,517.59	129,042.38
(Cash paid for operating expenses)	(2,492,722.59)	(1,360,113.30)	(41,727,153.13)	(39,927,067.01)
<b>Net cash (used) provided by operating activities:</b>	<u>(2,426,883.47)</u>	<u>(1,217,652.46)</u>	<u>18,666,524.03</u>	<u>23,242,964.66</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	(1,250.00)	0.00	(1,296,827.81)	(1,626,665.89)
(Capital lease payments)	(367,787.87)	(367,477.47)	(1,540,562.03)	(1,482,452.30)
Proceeds (purchases) home purchase program	(634,080.52)	164,696.71	(692,487.93)	(265,977.13)
<b>Net cash (used) in investing activities</b>	<u>(1,003,118.39)</u>	<u>(202,780.76)</u>	<u>(3,529,877.77)</u>	<u>(3,375,095.32)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,117,447.90)	(1,117,447.90)
<b>Net cash (used) in financing activities</b>	<u>(111,744.79)</u>	<u>(111,744.79)</u>	<u>(1,117,447.90)</u>	<u>(1,117,447.90)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(3,541,746.65)	(1,532,178.01)	14,019,198.36	18,750,421.44
Cash and cash equivalents at beginning of period	42,011,424.63	38,509,402.12	24,450,479.62	18,226,802.67
<b>Cash and cash equivalents at end of period</b>	<u>\$38,469,677.98</u>	<u>\$36,977,224.11</u>	<u>\$38,469,677.98</u>	<u>\$36,977,224.11</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	<u>\$777,010.13</u>	<u>\$1,447,106.61</u>	<u>\$6,083,574.42</u>	<u>\$3,755,321.59</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	171,764.00	296,724.35	1,675,650.53	2,748,238.44
Unrealized (gain) loss	0.00	0.00	0.00	87,640.02
(Gain) loss on disposal of fixed assets	0.00	0.00	22,531.00	1,839.00
(Gain) loss on disposal of homes	0.00	1,346.16	58,407.41	14,871.14
Interest expense on leases	4,915.37	2,854.77	73,211.78	19,664.79
Miscellaneous allowances	256,998.97	0.00	234,363.58	102.69
<b>Change in current assets and liabilities</b>				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	105,873.53	105,873.53	423,494.12	423,494.12
Accounts receivable	539,455.80	2,268,376.77	1,948,076.01	449,853.74
Interest receivable	0.00	0.00	583.97	0.00
Prepaid expenses	112,851.91	(41,629.54)	(231,011.55)	(6,887.27)
Other assets	0.00	160.00	(0.00)	(40.00)
Increase (decrease) in liabilities:				
Accounts payable	236,154.70	(109,166.65)	(703,704.62)	2,312,585.78
Accrued employee compensation	521,259.64	(54,894.16)	(1,694,054.15)	3,088,656.96
Other non current liabilities	(168,746.30)	0.00	487,542.03	(0.00)
Other current liabilities	(4,984,421.22)	(5,134,404.30)	10,287,859.51	10,347,623.66
<b>Total adjustments</b>	<u>(3,203,893.60)</u>	<u>(2,664,759.07)</u>	<u>12,582,949.61</u>	<u>19,487,643.07</u>
<b>Net cash (used) provided by operating activities</b>	<u>(\$2,426,883.47)</u>	<u>(\$1,217,652.46)</u>	<u>\$18,666,524.03</u>	<u>\$23,242,964.66</u>

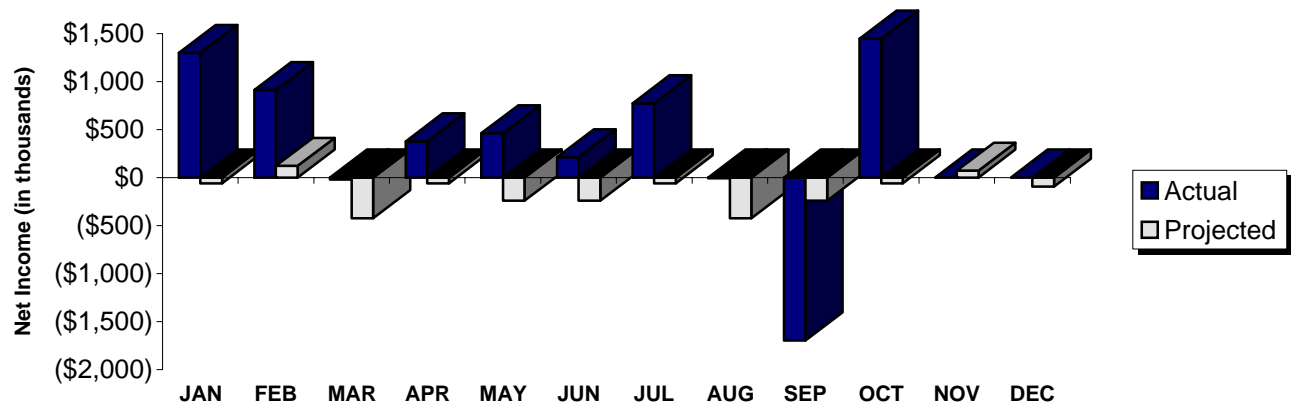
**National Credit Union Administration Operating Fund**  
**(Before Overhead Transfer)**  
**Year-To-Date Budget Report Analysis**  
**October 31, 2005**

	2005				2004			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	74,248,809	69,407,144	(4,841,664)	-6.5%	73,323,933	67,961,404	(5,362,529)	-7.3%
<b>Benefits</b>	19,188,283	17,757,199	(1,431,084)	-7.5%	18,752,490	17,017,351	(1,735,139)	-9.3%
<b>Travel</b>	10,682,414	9,345,267	(1,337,147)	-12.5%	11,243,480	9,008,747	(2,234,733)	-19.9%
<b>Rent, Communications, &amp; Utilities</b>	3,275,083	3,119,241	(155,842)	-4.8%	3,704,469	3,577,548	(126,921)	-3.4%
<b>Administrative</b>	8,748,640	10,015,521	1,266,881	14.5%	10,546,209	7,735,508	(2,810,702)	-26.7%
<b>Contracted Services</b>	6,905,348	4,581,961	(2,323,387)	-33.6%	6,819,375	4,271,032	(2,548,343)	-37.4%
<b>TOTAL</b>	123,048,577	114,226,333	(8,822,244)	-7.2%	124,389,956	109,571,589	(14,818,367)	-11.9%

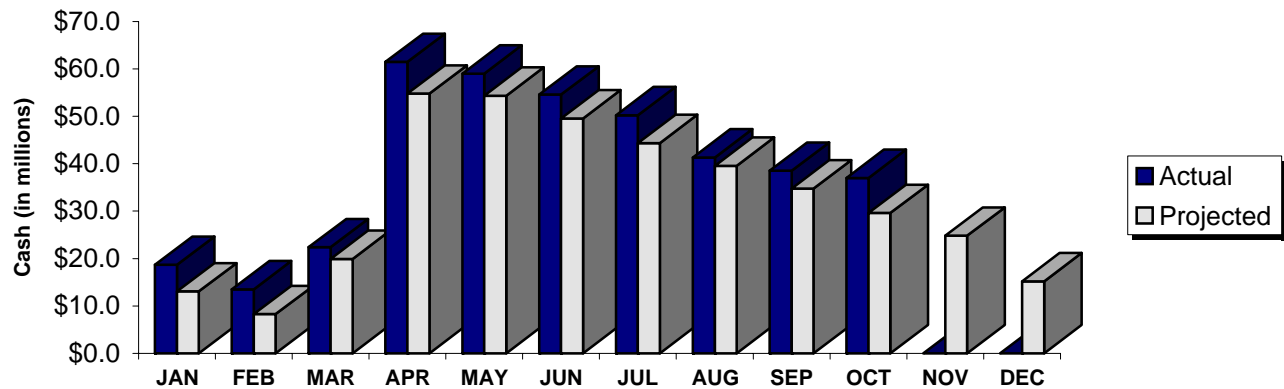
**Percent Over (Under) Budget**  
**October 31, 2005**



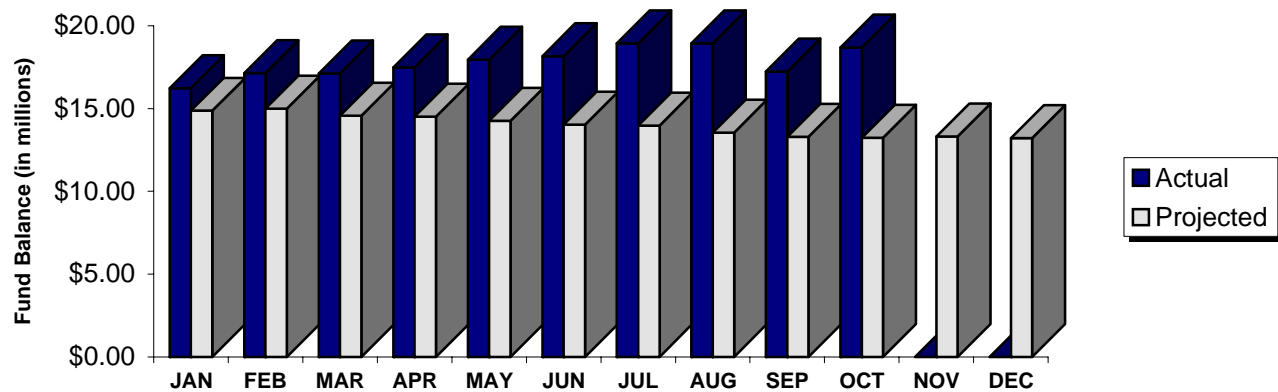
### Actual & Projected Net Income (2005)



### Actual & Projected Cash Balance (2005)



### Actual & Projected Fund Balance (2005)



***National Credit Union Administration Operating Fund***  
***Ratios***  
***October 31, 2005***

<b>BALANCE SHEET</b>	<b>October 2004</b>	<b>October 2005</b>
<u>Liquid assets / Total assets</u>	50.64%	50.56%
<u>Current assets / Total assets</u>	52.78%	52.27%
<u>Fixed assets / Total assets</u>	47.22%	47.73%
<u>Current liabilities / Total assets</u>	34.13%	41.14%
<u>Non current liabilities / Total assets</u>	35.16%	33.30%
<u>Retained Earnings / Total assets</u>	30.71%	25.55%
<b>STATEMENT OF REVENUE &amp; EXPENSE</b>		
<u>YTD Interest &amp; other income / Total revenue</u>	1.04%	2.31%
<u>YTD Program related income / Total revenue</u>	98.96%	97.69%
<u>YTD Expenses / Total revenue</u>	87.86%	92.90%
<u>YTD Net income / Total revenue</u>	12.14%	7.10%
<b>CASH</b>		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$14.0	\$18.8
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	57.3%	102.9%
<u>Cash and cash equivalents / Total assets</u>	50.6%	50.6%